

Law Offices of
MICHAEL J. FLYNN
Twelve Union Wharf

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Boston, Massachusetts 02109

*Telephone
(617) 523-1644*

August 19, 1982

John G. Peterson, Esquire
Trabish & Peterson
4676 Admiralty Way
Marina Del Rey, CA 92091

Re: Your letter of August 18, 1982

Dear Mr. Peterson:

I am in receipt of your letter dated August 18, 1982 wherein you accuse my client and I respectively of (1) larceny; (2) receiving stolen goods; and (3) violations of the canons of ethics.

Your letter, its allegations, the assorted abusive and coercive threats and tactics commonly employed by your client and other relevant matters will be the subject of Mr. Armstrong's counterclaim in the lawsuit that you have brought in the Los Angeles Superior Court.

Although the absurdity of the position set forth in your letter does not warrant response, I will take the time to remind you of the following:

(1) The documents which are now in my possession as Mr. Armstrong's attorney were legally in his possession at the time that he turned them over to me.

(2) My client has a greater right to possess the documents than does your client. The only person with perhaps equal possessory right to the documents is L. Ron Hubbard. Do you represent him? If so, please advise. We would like to take his deposition.

(3) The documents reveal numerous fraudulent and perhaps criminal activities of Hubbard and your client over the past 30 years and are properly discoverable in any of the relevant lawsuits by this office against Hubbard and the

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Church. Therefore, even in the unlikely event that you prevailed in the Armstrong civil case, the Church could not prevent the documents or the information in the documents from being placed on the public record. Thus, Hubbard's 30-year history of fraudulent practices will never be concealed by the Church, notwithstanding its effort to do so.

(4) This office, in response to a Request for Production of Documents, is agreeable to providing xerox copies of the documents in my possession for the costs of copying them.

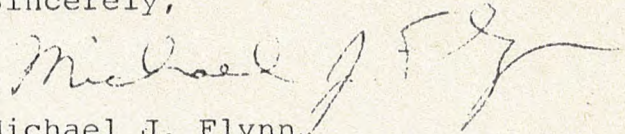
(5) The obviously outrageous threat to institute criminal proceedings against myself or my client will add to Mr. Armstrong's Counterclaim as soon as dismissal of such a frivolous suit occurs. Also, my client and I will then commence an action against your office for malicious prosecution and/or abuse of process. We will also report the matter to the appropriate bar authorities for violating the canons of ethics by using the threat of criminal prosecution to resolve a civil matter.

(6) With regard to the tapes that have been turned over to me by Mr. Armstrong, the tapes contain evidence of criminal conduct by the Church and its representatives. I am sure you are aware of the fact that evidence of criminal conduct is not privileged. Additionally, the attorney-client privilege is asserted and waived by the client. Disclosure to a third party of allegedly confidential attorney-client communications, as I am sure you are aware, vitiates the privilege. The tapes were given to my client by an individual who was present when the tapes were made. It was that individual's right to waive the privilege by disseminating information in the tapes as well as the tapes, themselves, to a third party not present at the meeting. It is abundantly clear under the case law, therefore, that there is no attorney-client privilege in connection with the tapes. You are hereby advised and placed on

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notice, in light of the foregoing legal principles that the threat of criminal, civil and ethical sanctions against myself and my client is considered to be an extortionate threat, and any accompanying acts as threatened, will be the subject of a lawsuit against you and your client.

Sincerely,

A handwritten signature in dark ink, appearing to read "Michael J. Flynn", with a stylized flourish extending to the right.

Michael J. Flynn

MJF/let

cc: Paul Johnson
Carl Kowhweck
Harvey Silverglate
Julia Dragojevic